



2078-41/2  
9/4

# राजपत्र, हिमाचल प्रदेश (असाधारण)

हिमाचल प्रदेश राज्यशासन द्वारा प्रकाशित

शिमला, सोमवार, 26 मार्च, 1956

HIMACHAL PRADESH GOVERNMENT

Finance Department

## NOTIFICATION

Simla-4, the 27th February, 1956

No. Fin -88-24/52.—In exercise of the powers conferred by rule 35(3) of the Himachal Pradesh Rules of Business, the following rules to regulate the business of the Finance Department and the dealings of other Departments with the Finance Department are hereby issued for information and guidance of the Finance Department and all Administrative Departments of the Himachal Pradesh Government :—

1. Under article 239 of the Constitution of India, the executive power of the State shall be vested in the President and shall be exercised by him to such extent as he thinks fit, through the Lieutenant Governor. Such executive power of the Lieut.-Governor includes

financial authority in so far as raising revenue, or sanctioning expenditure, increase or reduction of taxation, are concerned. The authority delegated by the President to the Lieutenant Governor is specified in annexure 1 to these rules.

2. Rules 14 and 32 to 36 of the Himachal Pradesh Rules of Business issued by the President under Article 239 and the proviso to article 309 of the Constitution, and also section 38 of the Government of Part 'C' States Act, provide as follows:—

“14. (1) No Department shall, without previous consultation with the Finance Department, authorise any order (other than orders pursuant to any general delegation made by the Finance Department) which —

(a) either immediately or by their repercussion will affect the finances of the State, or which, in particular —

(i) involve any grant of land or assignment of revenue or concession, grant, lease or licence of mineral or forest rights or a right to water power or any easement, or privilege in respect of such concession ; or

(ii) in any way involve any relinquishment of revenue ;

or

(b) relate to the number or grading or cadre of posts or the emoluments or other conditions of service.

(2) No proposal which requires previous consultation with the Finance Department under this Rule, but in which the Finance Department has not concurred, may be proceeded with unless a decision to that effect has been taken by the Council.

(3) No re-appropriation shall be made by any Department other than the Finance Department, except in accordance with such general delegation as the Finance Department may have made.

(4) Except to the extent that power may have been delegated to the Department under rules approved by the Finance Department, every order of an administrative department conveying a sanction to be enforced in audit shall



be communicated to the audit authorities by the Finance Department.

(5) Nothing in this Rule shall be construed as authorising any Department, including the Finance Department, to make reappropriations from one grant specified in the Appropriation Act to another such grant."

"32. The Finance Department shall be consulted before the issue of orders upon all proposals which affect the finances of the State and in particular upon—

- (a) proposals to add any post or abolish any post from the public service or to vary the emoluments of any post;
- (b) proposals to sanction an allowance or special or personal pay for any post or class of posts, or to any servant of the Government of State;
- (c) the Annual Financial Statement and proposals involving abandonment of revenue or involving an expenditure for which no provision has been made in the Appropriation Act."

"33. The views of the Finance Department shall be brought on to the permanent record of the Department to which the case belongs and shall form part of the case."

"34. The Finance Department may, by general or special order, prescribe cases in which its assent may be presumed to have been given."

"35. (1) The Finance Minister may call for any papers in a case in which any of the matters referred to in Rule 14 or Rule 32 is involved and the Department to whom the request is addressed shall supply the papers.

(2) On receipt of the papers called for under sub-rule (1), the Finance Minister may request that the papers with his note on them shall be submitted to the Council of Ministers.

(3) The Finance Department may make rules to govern financial procedure, in general, in all Departments and to regulate the business of the Finance Department and the dealings of other Departments with the Finance Department."

“36. Cases in which there is a difference between the Finance Secretary and the Minister-in-Charge shall be submitted to the Lieutenant-Governor before orders are passed.”

### Functions of Finance Department

3. (a) *In regard to expenditure.*—(i) Finance Department is the custodian of economy. Its first and foremost function in this sphere is to consider and judge any proposals made by another Department which will have the effect of imposing a new or increased charge on the public revenue (*e.g.* creating a new post or raising the salary of an existing one) or which will involve relinquishment of revenue. Such proposals may arise for examination either at the time of the preparation of the budget or in the course of a financial year. The Heads of Departments submitting the proposals are required to indicate the order of urgency in respect of the various proposals submitted by them and also to give full details of the estimated additional expenditure or loss of revenue, except in the case of building schemes for which sketch plans and approximate estimates are generally considered sufficient. The Finance Department is entitled to examine and advise on all such proposals and to decline to provide funds in the budget or otherwise, for any proposal which has not been so examined. Proposals involving recurring expenditure, such as increase in establishments, are examined with great care in the Finance Department. The Government then decides with reference to the funds available which of the new schemes examined by the Finance Department should be provided for.

(ii) One of the important financial principles on which the Finance Department acts is that a departure from financial rules and regulations is not allowed, except in very exceptional cases so as to avoid the creation of embarrassing precedents.

(iii) Another important function of Finance Department in relation to expenditure is that of a coordinating authority. While the Administrative Departments are apt to examine financial cases entirely from their own stand-point, the Finance Department is in the best position to examine such proposals keeping in view similar demands from other departments. For example, one department of Government may think that they have a good case for the revision of scale of pay of certain posts, the Finance Department has to consider the repercussions of such a proposal in other departments, before reaching a conclusion.

(b) *In regard to Revenue.*—Owing to the variety and magnitude of the problems involved, the administration of Revenue is entrusted to the Administrative Department concerned; and the control of

Finance Department in this respect is limited. The Finance Department receives periodical reports of progress of the collection of revenue and is entitled to advise the Administrative Department responsible for the collection of revenue regarding the progress of collection and the methods of collection employed. Finance Department, however, retains its control in regard to the issue of any orders involving grant of land or assignment of revenue or concession grant, lease or licence of mineral or forest rights or a right to water power or any easement or privilege in respect of such concession, or any relinquishment of revenue for which credit has been taken in the budget.

(c) *In regard to other matters* :-- (i) The Finance Department is consulted in all proposals for increase or reduction of taxation in whatever department arising. The policy of a tax is the concern of the Administrative Department but its financial implications are scrutinised by the Finance Department.

(ii) Finance Department will control all loans obtained from the Government of India as a part of the Public Debt to finance expenditure on capital outlay including loans and advances.

(iii) The Finance Department has to see that a minimum balance as fixed by the Government of India from time to time is maintained in the State Consolidated Fund. They have also to see that adequate cash is available at Treasuries, the business of which is not conducted by the State Bank of India. Adequate funds for these purposes will, however, be arranged by the Central Government, Finance Ministry by timely adjustment of the instalments of the central subsidy payable out of the consolidated fund of India.

(iv) The Finance Department is further responsible for the safe custody of all funds of the State.

(v) It is the duty of the Finance Department to prepare the budget and to arrange for its presentation to the Legislature.

(vi) The Finance Department is responsible for seeing that the recommendations of the Committee on Public Accounts and of the Legislative Assembly are duly considered and that the orders passed on them are communicated to the Accountant General. A statement showing the action taken each year on such recommendations will be prepared by the Finance Department and placed before the Committee for consideration and incorporation in its next report.

(vii) The Finance Department will bring up to date the "Epitome of the reports of the Committees on Public Accounts", at intervals ordinarily of five years.

(viii) The Secretary to Government in the Finance Department is the controlling authority for watching the progress of expenditure against the grant for Loans and Advances bearing interest as a whole.

(ix) The Finance Department shall be responsible for seeing that proper financial rules are framed for the guidance of other departments and that suitable accounts are maintained by other departments and establishments subordinate to them

### **Relation of Finance Department with Administrative Department**

4. The Finance Department being an advisory department has to put before the Government the possible financial implications, to enable Government to come to a right decision.

In matters of policy, however, the ultimate decision must be of the Government as a whole. For instance, if the Government proposes to introduce a certain scheme, the Finance Department can only invite their attention to the diminution in revenue and increases in expenditure, if any, that it will entail. But in the last resort considerations of public policy must prevail and the decision of the Government as a whole must be given effect to.

Where, however, no consideration of public policy is involved, it is generally found advisable to give the Finance Department a special position of authority or primacy vis-a-vis other departments of Government.

In cases where the advice tendered by Finance Department is not acceptable to the Administrative Department, the proposal should not be proceeded with, unless a decision to that effect has been taken by the Council of Ministers, the case being submitted to the Lt.-Governor, before orders are passed, in accordance with the Rules of Business.

### **Composition of the Finance Department**

5. The Finance Department consists of the following branches namely:—

- (1) Regulation and Expenditure Branch
- (2) Budget Branch

All personal cases relating to fixation of pay, special pay, additional pay, leave, pension, travelling allowance, joining time, foreign service, deputation out of India, Provident Fund and

liveries, treasury procedure, delegation or re-delegation of financial powers and proposals for expenditure sanctions will be dealt with in the Regulation and Expenditure Branch. This branch will also be responsible for the up-to-date maintenance of financial hand books, issue of financial orders and instructions, and will also act as a co-ordinating Branch where a question of general policy is involved.

Proposals relating to subjects other than those dealt with in the Regulation and Expenditure Branch, including taxation as well as preparation of budget estimates and prescription of budgetary and accounting procedure, will be dealt with in the Budget Branch. Detailed distribution of work in the branches in the Finance Department is given in annexure II to these rules.

### How references should be made to the Finance Department by other departments of Government

6. (1) When a reference is made to the Finance Department the noting of the Administrative Department should state clearly the points on which advice, concurrence or sanction is required. Such phrases as "F.D. should see" without specifying what they should see, or whether it is only to be seen for information or for concurrence in some suggested line or lines of action, should be avoided. In simple cases it would suffice to indicate the paper under consideration and the noting which should be read in order to understand the reference. In more complicated cases, the final note should, in addition, either (a) explicitly state the points or (b) give a clear reference to previous noting in which the points are explicitly stated. In lengthy cases, the Finance Department have the right to demand a self-contained note.

(2) All U. O. references to the Finance Department should be marked by the Secretary concerned to the F. D. (Budget) or F. D. (R & E) simply, as the case may be. Only in important cases such reference may be marked to Finance Secretary but in no case should they be sent direct to the Finance Minister.

(3) Where a case is submitted with a self-contained note, it should be accompanied with a duplicate copy thereof.

(4) *Submission by outside departments of self-contained references for advice:*—All departments working outside the Himachal Pradesh Secretariat must observe the principle that the Finance Department is entitled to demand self-contained references, in duplicate, from departments who seek its advice. This avoids the labour of reading

through a great mass of correspondence, which is often unnecessary. If the Finance Department should require to see any files, it will ask for them, but in most cases this will not be necessary. It is of course not intended to adopt this procedure with absolute uniformity; obvious cases may be sent up to the Finance Department at any time.

(5) Cases requiring previous consultation with the Finance Department should not be submitted by the Secretary in the Administrative Department concerned for the final orders of the Minister-in-charge until the advice of the Finance Department has been taken. This order is not intended to preclude a Secretary taking the orders of the Minister at any earlier stage as to whether a proposal is so administratively desirable as to require further examination. This order is intended to prevent the Ministers being asked to commit themselves to definite orders until they have before them the advice of the Finance Department.

(6) In the course of audit, an Audit Officer has occasion at times to point out to heads of offices or departments that the sanction or concurrence of the Finance Department is necessary. In such cases the head of the office or department concerned should not enter into correspondence with the Audit Officer or question that officer's decision, but should, if the requirements of the Audit Officer are not accepted, forward the papers to the Finance Department with any observations as he may have to make in the matter.

(7) The Finance Department office notes will not go outside the Finance Branch and a single Finance Department note will be attached.

### Orders relating to audit

7. (1) The functions of the Comptroller and Auditor General of India are derived in the main from the provisions of Articles 149-51 of the Constitution. Article 149 of the Constitution envisages an Act of Parliament to regulate the duties and powers of the Comptroller and Auditor General and until such a provision is made, it lays down that the Comptroller and Auditor General shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States as were conferred on or exercisable by the Auditor General of India immediately before the commencement of the Constitution in relation to the accounts of the Dominion of India and of the States respectively, *viz.*, the duties and powers prescribed in the Government of India (Audit and Accounts) Order, 1936 as adopted. Appropriate extracts from that order are reproduced in Annexure III.

(2) Section 39 B of the Government of Part 'C' States Act, 1951 lays down that the reports of the Comptroller and Auditor General of India relating to the accounts of the State shall be submitted to the Lt-Governor who shall cause them to be laid before the State Legislative Assembly. The accounts submitted to Legislature with the Audit reports embrace, besides the Appropriation Accounts, the whole of the revenue and capital accounts of the State including accounts of receipts and all transactions relating to Debt and Remittance heads.

(3) *Duties by consent.*—Article 149 of the Constitution is exhaustive of the means whereby duties other than those specified in other provisions of the Constitution itself can be imposed upon the Comptroller and Auditor General. This, however, does not preclude the Comptroller and Auditor General from undertaking any additional duties in respect of any authority or body (other than that in relation to the accounts of which specified duties have been entrusted to him by or under any law made by Parliament) by consent and on such terms and conditions as may be settled between him and the Government concerned. This is the position in respect of the Audit of accounts of local authorities, e. g. Municipal Funds, Panchayats etc., If it were desired to attach statutory authority to the performance by the Comptroller and Auditor General of such duties, there would be nothing to prevent the inclusion in the State Legislation, otherwise within the competence of the State Legislature, of a provision to the effect that, subject to any law of Parliament, the accounts of the specified authority etc., shall be audited by the Comptroller and the Auditor General, on such terms as may be agreed upon as regards the recovery of cost etc., during such time as the Comptroller and Auditor General consents to do so. The existing provisions contained in any State Legislation imposing duties on the Comptroller and Auditor General (or any of his officers) continue to remain in force only on such consent basis.

(4) *Duties of the Accountant General.*—The Accountant General performs such duties and functions as are imposed on or undertaken by Comptroller and Auditor General under the provisions of the Constitution or of any law made thereunder or under any executive arrangements subject to any special or general directions given to him from time to time under para 19 of the Audit and Accounts Order, 1936, as adopted (reproduced in Annexure III).

(5) *Relation of Audit with the Executive Government.*

An Accountant General works in close co-operation with the Government concerned in order to enforce propriety and secure regularity in the public expenditure. It is primarily the function of the



Finance Department to advise the Government concerned on the making of financial rules and regulations or their application. The Accountant General, however, renders all legitimate assistance to the Finance Department in regarding to the application of financial rules or orders concerning which there may be doubt. The Accountant General is entitled to seek the support of the Finance Department in cases of disregard of rule or order or failure of any authority to maintain suitable accounts and ordinarily he should, if necessary, refer to this Department before taking any other action open to him, whether to secure a satisfactory settlement of an audit objection or for the production of any papers or information under para 16 of the Audit and Accounts Order, 1936, or for any other purpose.

Note:—Audit is not bound by any pact with the Executive Government of the State, which may fetter its discretion or judgment in any manner as to the matters which it may like to bring to the notice of Parliament or the State Legislature in the discharge of its duties.

### **Audit of Accounts Stores and Stocks**

(6) Where the audit of stores and Stocks accounts of any Department of Government is entrusted to the Comptroller and Auditor General under the provision of paragraph 13 (2) of the Government of India (Audit and Accounts) Order, 1936, it is conducted in accordance with the regulations given in Appendix 11 of the General Financial Rules, Volume II.

Audit of accounts of local Bodies and of other Public and Quasi Public Bodies under the control of State Government or whose expenditure is entirely or substantially met from grants by the State Government.

Such audit in respect of Local Bodies is now conducted by the outside Audit staff of the Accountant General's office working directly under his control. The audit arrangements of such funds and bodies are made by the Administrative Departments concerned through the Finance Department.

### **Audit of Commercial undertakings in which Government have substantial financial stakes.**

All such undertakings existing before April, 26, 1955, in which the State Government has substantial financial stakes and such others as may be established thereafter, will be audited by the Accountant General Punjab. This audit will be in addition to such audit as is required to be carried out under the Company Law



and will be generally directed towards the review of the decisions taken by the Board of Directors and to ascertain to what extent their powers have been exercised in the past in such undertakings in accordance with the principles of financial propriety. The review will also ensure whether the powers delegated to the chief executives have been properly exercised.

The Accountant General, will also be free to scrutinize any books, vouchers or papers concerned or seek information on any matter concerned.

### Method of communicating to audit sanctions to expenditure or reappropriations

(7) (A) All sanctions and orders relating to receipts and expenditure, revision of scales, creation or abolition of appointments etc. against which audit is to be conducted by the Accountant General are Communicated to him in accordance with the following procedure :—

- (a) If the order is issued by an authority to whom the power to sanction has been delegated, by that authority;
- (b) If the order is issued by an Administrative Department of the Government and is one to which the assent of the Finance Department is given the order will be conveyed by the Secretary to Government in the Administrative Department concerned, who will send a copy to the Finance Department.
- (c) In other cases the order will be conveyed under the endorsement of the Secretary to Government in the Finance Department to whom the Administrative Department will send a copy of the sanctioning order for communication to the Accountant General.

Note :—The term “Secretary” used in clauses (b) and (c) includes an Assistant Secretary.

In cases referred to in clause (c) above, *i.e.* when the Administrative Department is not empowered to sanction the expenditure, if an order sanctioning the expenditure is sent to the Accountant General direct by the Administrative Department and not through the Finance Department, the Accountant General will challenge such a sanction.

(B) Sanctions accorded by Government to grants of land and alienations of land revenue other than those in which assignments

of land revenue are treated as cash payments should be communicated to the Accountant General in a consolidated monthly return giving the details necessary for enabling him to audit the sanctions accorded.

(C) In all letters conveying sanctions to new grant-in-aid, the sanctioning authority should invariably quote the rule under which the sanction has been accorded. Where a sanctioning authority imposes any further restrictions or conditions in addition to those laid down in the rule, such restrictions or conditions should also be clearly set forth in the letter.

(D) In orders sanctioning expenditure when indicating the source of appropriation, the mere reference to the major and minor head under which the appropriation is to be found is not sufficient for audit purposes. It is also necessary to give full information regarding the unit of appropriation affected. The units of appropriation are defined in Rules 6 and 7 of the Book of Financial Powers (2nd Edition). All orders sanctioning expenditure should be so worded as to comply with these instructions.

(E) It is necessary that heads of departments and other controlling officers should have information regarding all reappropriations within their grants. Whenever, therefore, a reappropriation is sanctioned to finance any sanctioned scheme, the sanction to such reappropriations, that is to say, the specification of the source of reappropriation should be communicated in the original letter to the head of department, or controlling officer concerned, and not in the endorsement to the Accountant General.

### **Appropriation Accounts of the Himachal Pradesh Government and the Audit Report thereon**

8. (i) This report will be received from the Accountant General about the 15th February each year and will consist of the two parts:—

Part I:—the Audit Report gives the General review of the results of audit and draws attention to important matters, if any, outstanding from the previous reports;

Part II consists of:—

(a) A grand summary giving a general review of the total expenditure under each Grant/Appropriation compared with the total Grant/Appropriation sanctioned thereunder;

- (b) Audited accounts of all expenditure of the year, whether 'Voted' or 'Charged' in the form of a separate Appropriation Account for each Grant/Appropriation with any important observations which it is considered necessary to make as a result of audit investigations ;
  - (c) Financial irregularities, including cases relating to any previous year that become ripe for inclusion since the last report was written, which are of sufficient consequence to justify inclusion ; and
  - (d) Accounts and reviews of Government commercial or quasi-commercial concerns or undertakings, with such comments as are necessary on the results of audit of their trading, manufacturing and profit and loss accounts and balance sheets.
- (ii) The procedure to be followed in regard to financial irregularities is as follows:—
- (a) Each case will be reported by the Audit Officer, as soon as it comes to notice, to the Administrative Department as having been registered provisionally, for comments in the next Appropriation Accounts & the Audit Report thereon. A copy of the report will also be sent to the Finance Department simultaneously.
  - (b) When such cases are ripe for inclusion in the report, draft paragraphs will be supplied by the Audit Officer to the Administrative Department, as also to the Finance Department, for their consideration and comments.
  - (c) Finally, on receipt of the comments of the Administrative Department final drafts of the paragraphs for the Appropriation Accounts will be prepared by the Audit Officer and copies supplied to the Administrative Department and the Finance Department.
- (iii) Administrative Departments will obtain promptly from the Heads of Departments any explanation, that may be necessary in regard to cases concerning their departments. The Administrative Departments will endeavour to complete all action in this respect before the Appropriation Accounts and Audit Report thereon are received, so that they may be in a position to report to the Public Accounts Committee, through the Finance Department, when the appropriation Accounts are laid before it, the result of action taken on such financial irregularities as are mentioned in the accounts.
- (iv) The Accountant General is at liberty to record either in the Appropriation Accounts or in his Audit Report thereon cases of financial irregularities with any comments he thinks fit to make on them,

but he will as far as possible restrict his references in individual matters to any cases of real importance only. Where a department, either through the intervention of the Audit Department or otherwise, has, to the reasonable satisfaction of the Audit Department, rectified an irregularity, such a case will ordinarily not appear in the Appropriation Accounts at all. It is, therefore, to the advantage of the Department to expedite the disposal of audit queries. The same principle applies to cases of financial irregularities referred to the Finance Department. In such cases, the Audit Department, having given expression to its views, will not question the action, which the Finance Department may take, and will ordinarily omit such case from the Appropriation Accounts unless the action taken is :--

- (i) illegal; that is to say, contrary to law, to rules having the force of law issued by the President or otherwise, or to an authoritative formula of constitutional or financial principle, or to a valid condition or restriction imposed by the Legislature ;
- (ii) in the judgement of the Comptroller and Auditor General evidently *mala-fides* (isolated cases of suspected *mala-fides* would not ordinarily fall within this condition) ; contrary to the vital interest of the State.

It is not necessary for the Finance Department to defer bringing any irregularity before the Public Accounts Committee until it has been included in the Appropriation Accounts. If necessary, it may lay the matter before the Committee as soon as the Government has issued orders on it. In laying an irregularity before the Committee, the Finance Department will submit a memorandum explanatory of the case. The memorandum will be supplied to the heads of departments and the administrative department concerned, who will be required to attend the Committee and explain the irregularity.

## PART II BUDGET PROCEDURE

### Preparation of Budget

(1) Under Section 28 of the Government of Part 'C' States Act, 1951 the Lieutenant Governor shall in respect of each financial year, cause to be laid before the Legislative Assembly of the State, a statement of estimates of receipts and expenditure of the State for that year. This statement is known as "Annual financial statement" or "Budget".

It is the duty of the Finance Department to prepare the Budget and for its preparation, the Finance Department has power

to require heads of Departments and other authorities to furnish material on which to base its estimates. The heads of Departments in turn depend, for the material, on district and other officers who collect revenues or incur expenditure.

The Finance Department is responsible only for the correctness of the estimates framed on the material so supplied, but for the correctness of that material, the Collecting or Disbursing Officers, as the case may be, and superior Estimating Officers are responsible.

In preparing their estimates, the Collecting or Disbursing Officers and heads of Departments will be guided by the detailed instructions contained in Chapter 5 of the General Financial Rules, Volume I, and the annexures thereto. Some of the more important instructions are, however, given in the following paragraphs for guidance.

(a) *Estimates of Receipts.*—On the correct forecast of “Receipts” depends the financing of the annual Governmental programme of expenditure, and while any under-estimating of “Receipts” will result in the curtailing of some very necessary and desirable items of expenditure and will present the ways and means problem in unjustifiably difficult dimensions, any over-estimates on the other hand, would raise unnecessary hopes, which, when falsified, would upset the budgetary equilibrium.

The important guide for the preparation of revised estimates of receipts will ordinarily be the actual receipts of those months of the year which have already elapsed corrected by a consideration of all other relevant material available for making a sound forecast. All new sources of revenue which have not been taken into consideration in previous years are required to be so taken into account.

(b) *Estimates of ordinary Expenditure.*—For framing the Budget Estimates of ordinary “Expenditure”, it is most essential to exercise the utmost foresight and to provide all known items of expenditure, provision being restricted to the absolute minimum necessary. The exhortation to show foresight in budgeting, should not, however, be taken as an invitation to include any and every item of proposed expenditure without proper consideration. Due account should be taken of administrative difficulties and routine delays likely to delay the execution of all schemes and provision should be made only to the extent to which actual expenditure during the course of the year can in all reasonableness

be anticipated. To ensure accurate budgeting, departments are required generally :

- (a) to review, from time to time, all sanctions to fix establishment and recurring contingent expenditure so as to confirm or revoke such sanctions according to requirements;
- (b) to scrutinize the need for every item of expenditure before it is included in the estimate, the current year's estimates being not accepted blindly as the basis for framing estimates of the next year;
- (c) to provide for what is expected to be actually paid (under proper sanction) during the year, including the arrears of the past years (which should be separately and clearly indicated for the information of the Finance Department).

### Estimates of New Expenditure

(2) (i) The following items should be included in the estimates of new expenditure :—

- (a) Expenditure relating to a "New Service" for which the Legislature has not previously voted provision.

*(See also note below)*

- (b) Expenditure relating to a reorganisation of an existing service or to a substantial addition to an existing service of such importance as to make it desirable that the attention of the Legislative Assembly be particularly directed to the expenditure involved.

- (c) Expenditure relating to temporary establishment which has been included in a previous schedule of new expenditure or in a supplementary estimate and the retention of which was approved by the Assembly for a period less than that, now required.

*(See also note 2 below)*

- (d) Any non-recurring grant-in-aid, contribution or donation, even though provision was made for it in the original or supplementary estimates of the current year

*(See also note 3 below)*

- (e) Any excess over the lump provision included in the last final edition of the budget for recurring grants.

**Note 1.**—The term "New Service" means a service, expenditure

on which is not contemplated in the Schedule of authorised expenditure for the year and for which a reference to the Legislature should be made. It is difficult to define with any precision the exact meanings of the expression "an object not specially included in the estimates" or "a New Service". But the following principles will enable a decision to be arrived at in most cases:—

- (i) The test which should be accepted in audit as deciding whether a re-appropriation is or is not for an object not specifically included in the estimates is whether the re-appropriation is seriously a diversion of funds to a purpose not contemplated by the Legislature.
- (ii) The creation of a post of a new kind not before provided for would undoubtedly be a new service, but to add to the number of officials engaged in an occupation provided for or to add to the pay of any one of them so engaged would not be a step which goes beyond the intentions of the Legislature in voting a grant. In other words, the expression "New Service" must be regarded as applying not in the particular way in which money is spent but to the general purpose or object to which it is devoted. The primary test of "newness" of a service is whether or not the Legislature has voted expenditure of a similar nature in past years. In some cases, however, the expenditure on recognised services may from its extent be important enough to be regarded as a "New Service".

*Note 2.*—In cases where expenditure relating to temporary establishment has been voted by the Assembly for a period extending over a number of years, it should be shown in the ordinary budget for those years with a distinct mark (N. R.) and separate from the lump provision for temporary establishment, with an indication of the period e. g. "Temporary Draftsmen (N. R.) till 28th February, 19   ".

*Note 3.*—(i) A grant-in-aid voted for a stated or defined period will be treated as a non-recurring grant and included in the estimates of new expenditure after the expiry of the sanctioned period.

- (ii) While preparing proposals for items of new expenditure the following instructions should be carefully observed



by department:—

- (a) the number and rates of pay of officer and establishment whether permanent or temporary, should be given in detail and the period of employment of temporary officers and establishment should be stated ;
  - (b) a clear statement should be made of the additional expenditure arising out of travelling allowance, other allowances and honoraria and contingencies ;
  - (c) if a scheme involves the construction of building or other works the cost of such works should be stated ;
  - (d) if the cost of a scheme is likely to increase from year to year the ultimate liabilities of Government, should be specifically stated ;
  - (e) if a scheme involves any loss or addition of revenue or savings in existing expenditure, to Government, this should be stated ;
  - (f) the proposals should show clearly what expenditure, if any, will be incurred abroad ;
- (iii) For the preparation of the Memorandum explanatory of the "New Expenditure", it is necessary that :—
- (a) the Memo. should be self contained description of the scheme, and should state precisely and clearly the facts which make the expenditure either necessary or desirable as the case may be ;
  - (b) the Memo. should give in the case of schemes involving heavy expenditure over series of years, the probable ultimate cost, anticipated return and other relevant details with the object of placing the entire project before the Legislature for their approval ;
  - (c) the Memo. should state clearly the date from which it is proposed to incur expenditure or engage establishment, as the case may be ; and
  - (d) the Memo. relating to the item of grant-in-aid should always clearly specify the conditions attaching to the proposed grant.

#### Estimates under debt, deposit and remittance heads .

(3) There being no separate public account of the State, all transactions relating to debt deposit and remittance heads except Public Debt (Department of Debt) and loans and advances by the State Government bearing interest, which formd art neither of the



revenue of the Government nor or of its expenditure, are included in the Central estimates. Their estimates are framed by the Accountant General, Punjab, but the requisite material for the same has to be furnished to him by the Administrative Departments through the State Finance Department in a consolidated form.

### Scrutiny of New Expenditure by Council of Ministers

(4) The schedules of new expenditure and lists of major and minor works are submitted by the Finance Department for consideration in the Council of Ministers about the first week of November. For this purpose the Finance Department gets the schedules and memo: prepared in the form of a volume and with it submits a brief note based on the preliminary estimates indicating the extent to which it would be possible to finance new schemes in the coming year.

After orders have been passed by the Council of Ministers, the Finance Department will scrutinize each item passed for approval with a view to see whether it is necessary to include it in the volume of new expenditure to be presented to the Legislature. Any items passed by the Council of Ministers, but not considered necessary for inclusion in the volume of new expenditure will be included in the estimates of ordinary expenditure.

### Supplementary Estimates

(5) The Supplementary Estimates during the year will only be restricted to expenditure newly imposed or such as is necessitated by an unexpected emergency and which has been financed from the contingency fund.

### Examination by Estimates Committee

(6) All Budget Estimates and any demand for Supplementary grants are examined by a Estimates Committee of the Himachal Pradesh Legislative Assembly before being presented to the Legislature. This committee has the right to scrutinize the departmental estimates in such details as they may deem fit and are empowered to call for any information in regard thereto.

### Discussion and Voting by the Legislature

(7) Under section 29 of the Government of Part 'C' States Act 1951, so much of the estimates as relate to expenditure charged upon the Consolidated Fund of a State shall not be submitted to the vote of the Legislative Assembly but the Legislature is at liberty to discuss any of those estimates.

The procedure in Legislature with respect to estimates etc. is given in Sections 24 and 28 to 32 of the Government of Part 'C' States Act, reproduced in Annexure IV to these Rules.

(For detailed instructions regarding the Consolidation of estimates and submission of demands for grants see rule 83 of the General Financial Rules Vol I.)

### Communication and Distribution of Grants

(8) As soon as the grants have been made by the Assembly and the Appropriation Bill has been passed in accordance with Section 30 of the Government of Part 'C' States Act, the Finance Department will communicate to the Heads of Departments concerned, the amounts for which appropriation out of the Consolidated Fund of the State has been made under different heads of accounts. A copy of the letter communicating the grants should be sent to the Accountant General, Punjab, and the Administrative Secretary concerned. There are, however, certain items of expenditure which either are not communicated at all but remain at the disposal of the Finance Department or if communicated, do not require distribution but are audited against the appropriation for the whole State.

(For detailed instructions, see rules 84 to 86 of the General Financial Rules, Volum I.)

### Expenditure not provided for

9. (i) Ordinarily, no expenditure should be incurred on a 'new service' in anticipation of the approval of the Legislative Assembly and the authorisation by it of the necessary funds. Similarly, no expenditure which is likely to involve an excess over the grant should be incurred in anticipation of approval of the Legislative Assembly. But in urgent cases such expenditure may be sanctioned, provided it is not on a 'new service' but steps should be taken to see that the grant as a whole is not exceeded before the necessary supplementary funds are provided by the Legislative Assembly. Steps should be taken to obtain the supplementary grant as early as possible. The effect of the supply being refused will be to compel the executive to curtail the expenditure in the remaining months of the year so as to keep the total expenditure within the amount authorised. When new expenditure is incurred which will be specifically met from savings, it is necessary that the reappropriation should ordinarily be made before the expenditure is incurred, but in any case before the close of the financial year.

(For detailed instructions see also rules 97 & 98 of G. F. R. Vol. I)

(ii) If, during the course of the year it becomes necessary to incur expenditure on a 'new service', not provided in the budget, or to incur additional expenditure on some service in excess of the provision voted or authorised by the Legislature, advances can be made from the Contingency Fund of the State, as constituted under section 39 A of the Government of Part 'C' States Act, 1951, [as inserted by Section 8 of the Government of part 'C' States (Amendment) Act, 1953,] reproduced below :—

**"39-A. Contingency Fund of the State.—**(1) There shall be established a Contingency Fund in the nature of imprest to be entitled "the Contingency Fund of the State" into which shall be paid from and out of the Consolidated Fund of the State such sums as may from time to time be determined by law made by the Legislative Assembly of the State; and the said Fund shall be held by the Chief Commissioner to enable advance to be made by him out of such Fund.

(2) No advances shall be made out of the Contingency Fund of the State except for the purposes of meeting unforeseen expenditure pending authorisation of such expenditure by the Lagislative Assembly of the State under appropriations made by law.

(3) The Chief Commissioner may make rules regulating all matter connected with or ancillary to the custody of, the payment of moneys into, and the withdrawal of moneys from, the Contingency Fund of the State."

(iii) Under sub-section (3) of the above section, the Lieut.-Governor has issued rules governing that fund, which are reproduced in Annexure V.

### **Re-appropriation from one Demand to another.**

10. Re-appropriation of the funds from one demand to another demand is not permissible, as it is opposed to the provision of Law.

### **President's prior approval before Supplementary Demand is placed for the Vote of the State Legislative Assembly**

11. President's prior approval as envisaged in Article 31 of the Government of Part 'C' States Act, 1951 is necessary in each case where expenditure under, particular demand is expected to exceed the provision made under it.

## Surrender of Savings in the State Budget

12. All surrender of Savings in the State Budget are to be reported to the Finance Department as soon as they become known or available, and the Lieutenant Governor's approval will be obtained to accept such surrenders.

(See also rules 94-96 of General Financial Rules, Vol. I)

## Changes in Sub-Heads and Number of Demands in the State Budget

13. All proposals for change in the Budget classification or addition of any new sub-heads in the departmental budgets are required to be sent to the Finance Department, which will be competent to sanction the opening of new sub-heads or to modify the existing sub-heads in the State Budget. They can also increase or decrease the number of demands according to convenience but the usual practice adopted by other Part A or B States will be kept in view.

## Control of Expenditure

14. The last and the most important duty in connection with the Budget is to see that allotments are not exceeded. With a vigilant Assembly jealous of its rights, the expenditure of sums substantially in excess of provisions, will embarrass Government very seriously because the fundamental fact of the Constitution is that no expenditure should be incurred unless it has been included in the schedules of authorised expenditure. To perform this duty Heads of Departments have to make such arrangements as conditions in their respective departments require. The main principle, is, however, the same in every case. Starting from the bottom, a Disbursing Officer must not without authority exceed the sum assigned to him under each primary or secondary unit of appropriation. If he has reason to anticipate increased expenditure, he has to apply to his superior officers for funds. If the Head of a Department under the powers delegated to him can re-appropriate from one primary unit of appropriation to another within any minor head of account, he can do so otherwise prior sanction of the Administrative Department concerned if funds are required to be re-appropriated within a sub-head of the grant and of the Finance Department in cases where funds are to be transferred from one sub-head to another must be obtained. The Heads of Departments can however reallocate funds to subordinate officers within a primary unit of appropriation. As the Disbursing Officer is responsible for not exceeding the allotment under each primary unit without proper sanction, so the Head of Department is responsible that his department as a whole shall not exceed the allotment under any minor head. If he anticipates additional expenditure under any minor or sub-head and can find savings under another he must apply to Government for re-appropriation with the consent of the Finance Department.

## Committee on Public Accounts

15. Although the Assembly votes only the total amount for each grant, the detailed estimates which accompany the statement for demands for grants show the objects on which the grant is to be spent. The Audit Department will watch whether the moneys shown in the Accounts as having been disbursed were legally available for and applicable to the service or purposes to which they have been applied for charged and will, bring to notice in the annual appropriation accounts any disbursements which do not pass this test. These accounts will be placed before the Legislature and will be referred by the legislative Assembly to the Committees of Public Accounts which is a Committee of the Assembly. It is one of the important duties of the Committee to bring to the notice of the Assembly any disbursements which do not satisfy the audit test mentioned above, and any reappropriations which are made otherwise than in accordance with the rules framed by the Finance Department.

## Central Government Estimates

16. The Administrative Departments have also to prepare the Budget Estimates for certain Central subjects administered by them as Agents for the Central Government, *e.g.*, National Highways, Police check posts, Scheduled tribes and areas etc. The Administrative Departments should follow the instructions issued by them from time to time and also consult the Finance Department whenever considered necessary.

## Borrowings from the Government of India

17. Subject to the provision of Article 293 (2) of the Constitution of India and as authorised in section 39 (I) of the Government of Part 'C' States Act, 1951, (as amended) by section 7 of the Government of Part 'C' States (Amendment) Act, 1953, the State Government is authorised to obtain loans from the Government of India to finance the Capital Outlay expenditure including loans and advances. Such loans taken from the Centre to finance loans and advances to third parties are repaid to the Centre on the same basis as the State receives repayment from the parties concerned. In regard to other loans taken to finance capital expenditure interest will be payable at such rates as may be fixed from time to time by the Government of India. The Finance Department will be responsible to maintain accounts of all loans obtained from the Central Government and of their repayments part from those loans guaranteed by the Central or State Government. The Central Government's responsibility in regard to ways and means advances and other market loans continues to remain as at present.

## ANNEXURE I

Enhanced powers delegated by the President of India to the Lieutenant Governor,  
Himachal Pradesh.

| S. No.<br>1 | Nature of power<br>2  | Extent upto which exercisable<br>3  |
|-------------|---|---|
| 1.          | To enter into any contract for the sale or lease of any immovable property.   | Below Rs. 1,00,000 in value and for a time not exceeding 20 years [C. F. Rule 5(1) of the Rules of Business].           |
| 2.          | To make any alienation of land revenue or to grant any land.  | Below Rs. 10,000 or land assessed to land revenue of such amount. [Ref. Rule (1) of Rules of Business].                 |
| 3.          | To make or authorise any contract for the purchase of any property movable or immovable or for the construction of works or for any other purpose whatsoever. | Involving an expenditure or involving a liability of less than Rs. 5,00,000 only (Ref Rule 5 of the Rules of Business). |

4. Power to create permanent or temporary posts Full powers to create posts in Class II, III, and IV

Subject to the following restrictions :—

(a) that the scale of pay will be the same as that sanctioned for a corresponding post in the State or, in the absence of such a post in the State, the pay scale will be that for a corresponding post in the adjoining Part A State *i. e.* Punjab;

(b) that no post is made permanent unless recurring saving is available to meet the cost or additional funds have been specifically included in the budget for the purpose; and

(c) that budget provision exists, or the expenditure can be met by valid re-appropriation.

(Ref. Ministry of States' letter No. F. 14 (20)-W/53, dated 28-5-54).

1

2

3

## 5. Power to create posts in

Class I.

Full powers on scales of pay applicable to posts carrying similar or corresponding duties in the State or, in the absence of similar or corresponding posts in the State, on pay scales of posts carrying similar or equal duties and responsibilities in the adjoining Part A State *i. e.* Punjab.

Subject to the following conditions :—

- (a) Provision for the expenditure exists in the budget estimates or can be met by valid re-appropriation.
- (b) No post shall be sanctioned for a period exceeding six months in the first instance the necessity for the continuance of the post being reviewed by the State Government after this period and may be continued for another period of six months, if considered necessary. No post shall, however, be continued for a period exceeding one year without the specific sanction of the Government of India.

[C. F. Government of India's (Ministry of States) letter No. F. 14 (10)-W/53, dated 18th October 1954.]

Subject to the restrictions imposed in the Book of Financial Powers. [C. F. Ministry of States' letter No. F. 37 (3)-W/52, dated 24-4-52.]

Full powers.

6. Powers of appropriation and re-appropriation.



7. Power to incur miscellaneous expenditure. Full powers.

8. Power to write off of losses.—

(i) Loss of irrecoverable value of stores or of public money due to fraud, theft, etc. Rs. 5,000

(ii) Loss of revenue. Rs. 5,000

(iii) Remission of irrecoverable loans and advances to cultivators, and irrecoverable revenue advances. Full powers.

(iv) Other irrecoverable loans and advances. Rs. 5,000

(v) Deficiencies and depreciation in the value of stores. Rs. 5,000

Subject to the restrictions imposed in Chapter 4 of the Central Government Compilation of the General Financial Rules Vol. I.

[Ref. Government of India, Ministry of States' Memorandum No. F. 15 (20)-W/ 53 (i), dated the 2nd July, 1954.

3

2

1

(vi) to dispose of surplus or unserviceable articles of stock and stores by sale or otherwise and to write off the value thereof

Upto Rs. 5,000 in each case, provided the relevant orders regarding the method of disposal of stores are scrupulously observed.

9. Expenditure on Grants-in-aid etc., and educational scholarships. (Rule 13 of Book of Financial Powers).

Full powers.

10. Power to grant educational stipends.

Full powers.

Under Central Public Works Department Code.

11. Power of according administrative approval and Expenditure sanction.

Full powers.

[Vide Ministry of States' letter No. F. 37 (7)-W/50, dated the 1st September, 1951.]

Subject to the condition that no grant should be made which is inconsistent with the declared policy of the Government of India. [C. F. Ministry of States letter No. F. 37 (3)-W/52, dated the 24th April, 1952.]

Provided that the rates are on the basis of rates prevailing in the adjoining Part "A" State *i. e.* Punjab [Ref. Ministry of States' letter No. F. 14 (9)-W/53, dated 6-8-53].

Provided the schemes are financed from the Consolidated Fund of the State. (Ref. Ministry of States' letter No. F. 31-W/54, dated the 13-3-54). Administrative approval of the Government of India in respect of all development schemes, included in the Five Year Plan, costing more than Rs. 5 lacs would be required.

Similarly, administrative approval in respect of all Capital Works financed from the Consolidated Fund of the State after 1st April 1954, should be obtained from the Government of India if the works exceed Rs. 3 lacs in value.

[Vide Ministry of States' letter No. F. 37 (3)-W/52, dated 24-4-52.]

Vide reference above.

[Vide reference quoted above.]

[C. F. Ministry of States' letter No. F. 37 (20)-W/52, dated 17-6-53].

Upto a book value of building not exceeding Rs. 25,000.

Rs. 10,000.

No change in the existing procedure

No change in the existing procedure (*vide* reference quoted above), except under Rules 219 & 340 where-under the L. G. has been empowered to relax the conditions laid under this Rule.

12. Sale or dismantling of public buildings.

13. Powers under paragraph 135; Losses on stores due to fraud or the negligence of individuals or to other causes.

14. Account Code Vols. I, II and III.

15. Central Treasury Rules.

Under Civil Services (Classification, Control and Appeal) Rules.

16. Central Services, Class I.

Full powers to make appointments and to take disciplinary action under the C. S. (C. C. & A) Rules.

In respect of disciplinary action, the officers will have a right of appeal to the President.

17. Central Services, Class II.

(i) Powers to make appointments.

(ii) Powers to make Rules :--  
(a) regulating the method of recruitment,

(b) regulating the conditions of services.

Rules under (b) shall provide for an appeal to the President against any order of dismissal removal or reduction in rank.

18. Central Services Class III & Class IV.

Powers to make appointments and to make rules regulating the method of recruitment and conditions of service.

Nil

Provided, the Lieutenant Governor shall also consult the Union Public Service Commission on all matters in which it shall be necessary for the Commission to be consulted under the provisions of Article 320 of the Constitution.

(Reference Ministry of States' Notification No. 159-S, dated the 3rd July, 1952).

### Under the General Financial Rules.

19. Power to grant loans and advances under Rule 237.

Full powers under Rule 237 to grant loans and advances for the following purposes :—

- (i) Loans to Municipalities.
- (ii) Loans to Distt. and other Local Fund Committees.
- (iii) Loans to land holders and other Notabilities.
- (iv) Advances to cultivators under various Acts.
- (v) Advances under special laws.

(vi) Miscellaneous—loans and advances.

(vii) Advances to Government servants for purchasing conveyance etc.

(viii) Miscellaneous advance to Government servants for various public purposes.

3

## PERMANENT ADVANCES—

This will be subject to the following conditions:—

- (1) The General rules regulating the making of loans and advances of public money should be observed.
- (2) In the case of miscellaneous loans and advances, the power is to be exercised only in very urgent circumstances, and immediate report being made to the Government of India.
- (3) Advances to Government servants for the purchase of conveyances etc. will be sanctioned in accordance with the rules and orders issued from time to time by the Government of India.

[Ref. Ministry of States' letter No. F. 37 (3)-W/52, dated 17-4-53]. Full powers to specify that any work, or classes of works need not be executed through the agency of the Public Works Department. [Ref. Ministry of States' letter No. F. 22 (7)-W/54, dated 1-6-54].

21. Power to incur contingent expenditure (Appendix 8 of G. F. R. Vol. II)

Full powers to incur contingent expenditure in respect of any item covered by an entry in Annexure A of App. 8 of G. F. R. Vol. II subject to:—

- (1) The observance of the principles and restrictions specified in the Rules against each item.
- (2) Powers to authorise purchase of motor cars will not be exercisable in respect of vehicles for—

(a) Lieut.-Governor in which case the authorisation has to be obtained from the President,

(b) Ministers and Speakers in whose case authorisation has to be sanctioned by an Act of the Legislature.

[Ref. Ministry of States' letter No. F. 37 (3)-W/52, dated 17-4-53].

22. Powers to make purchases of Stationery Stores.

Full powers subject to the observance of the Rules framed on the point, and duly approved by the Government of India.

[Vide Ministry of States' letter No. F. 37 (3)-W/52, dated the 12th December, 1953].

3

2

## 23. Other Rules under G.F.R.

Full powers of a competent authority which has not been reserved for Government [*vide* Ministry of States' letter F. 37 (3)-W/52, dated 24-4-52].

Under Fundamental & Supplementary Rules.—[*Vide* Ministry of States' letter No. F. 34 (15)-S/53, dated 16-4-53].

## 24. S. R. 22.

Grant of Permanent Travelling Allowance.

Full powers, provided the pay of the government servants plus the permanent travelling allowance granted to him does not exceed Rs. 850 p. m.

## 25. S. R. 24.

To decide the amount of permanent travelling allowance to be drawn by a government servant holding more than one post to which permanent travelling allowance is attached.

Full powers, provided that the total pay drawn by the government servant in respect of both the posts plus the travelling allowance does not exceed Rs. 850 p. m.

## 26. S. R. 25.

Grant of conveyance or horse allowance.

Full powers, provided the pay of the government servant plus the conveyance allowance does not exceed Rs. 850 p. m.

## 27. S. R. 48. B (ii).

Sanctioning travel by air in machines of public air transport companies regularly plying for hire.

Full powers, but exercise of this power should be restricted to cases of emergency only.



28. S. R. 135.

Sanctioning travelling allowance for a journey made during leave.

29. F. R. 56 (a).

Retention of government servants other than ministerial servants in service after the age of 55 years.

Full powers.

Full powers, provided the usual procedure for consultation with Union Public Service Commission is followed where necessary.

[This power should however be exercised in conjunction with the instructions by the Ministry of States *vide* their letter No. F. 34 (15)-S/53, dated 10-2-54, whereunder cases of retention under F. R. 56 (a) are required to be referred to Ministry of Home Affairs for prior approval].

30. Under other Fundamental and Supplementary Rules.

Existing powers to continue.

Development Schemes.—[Ref. Ministry of States' letter No. F. 31 (14)-W/54, dated 1-5-54].

31. Book of Financial Powers.  
Power to create temporary posts in connection with Development Schemes included in the Five Year Plan.

The powers have been delegated subject to the following conditions:—

- (1) Provision for the expenditure exists in the budget estimates or can be met by valid re-appropriation.
- (2) No post shall be sanctioned for a period exceeding six months in the first instance, the necessity for the continuance of the post being

adjoining Part A State *i. e.*, Punjab.

3

reviewed by the State Government after this period and may be continued for another period of six months, if considered necessary; no post shall however, be continued for a period exceeding one year without the specific sanction of the Government of India.

Note:— The L. G. enjoys full powers in respects of posts in Classes II, III and IV *vide* Government of India Ministry of States' letter No. F. 33 (42)-Econ/52, dated 24-2-53.

32. Power to accord Administrative Approval.

Upto an amount not exceeding Rs. 5 lakhs only, in respect of Development Schemes financed from Consolidated Fund of the State. In respect of Capital Works financed from the Consolidated Fund of the State, L. G. can accord Administrative approval only upto a limit of Rs. 3 lakhs.

33. Power to accord expenditure sanction.

Full powers in respect of schemes financed from the Consolidated Fund of the State.

[*Vide* Government of India,

Ministry of States' letter No. F. 31-W/54, dated 13-3-54].

**Community Projects :—**[*Vide* Ministry of States' letter No. F.65 (1)-Econ/52, dated 23-2-53].

34. (1) Staff.
- (2) Welfare Schemes—  
Education, Health  
etc.
- (3) Agricultural and allied activities.
- (4) Works.

Full powers within the limits laid down in the programme approved by the Community Projects Administration. The pay scales of the staff should, however, not be more than the scales sanctioned for similar staff in the adjoining Part A State *i. e.*, Punjab.

Full powers within the limits prescribed in the programme as approved by the Community Project Administration subject to the condition that approval of the Community Project Administration should be obtained in respect of individual schemes costing more than Rs. 1 lakh.

**Miscellaneous powers.**

35. To execute all deeds and instruments.

Full power in respect of matters other than specified in items 2 to 5 and 7 to 9 in part XXIX of the Ministry of Law

3

2

Notification No. S. R. O. 215,  
date dthe 9-2-52.

Full power (C. F. Ministry of  
States' letter No. D. 3121-W/52,  
dated 7-11-52).

Full power (C. F. as above).

Upto the value of Rs. 5,000 in  
each case [*vide* Ministry of  
States' letter No. F.31 (9)-W/54,  
dated the 7-5-54].

Full power to issue declarations  
as to the relative degrees of res-  
ponsibility of the two posts even  
if they are under different de-  
partments under the adminis-  
trative control of L. G. [Ref.  
Ministry of States' letter No. F.  
11 (52)-S/54, dated 13-12-54.]

Full powers to sanction the in-  
vestigation of arrear claims of

36. To accept surrender of  
savings in the State  
Budget.

37. To effect changes in sub-  
heads and number of  
demands in the State  
Budget.

38. To sanction free grant of  
trees to people who suf-  
fer as a result of fire and  
other calamities.

39. Declaration as to the re-  
lative degree of responsi-  
bilities of two posts for  
the purpose of F. R. 22  
and 30.

40. To sanction investigation  
of arrear claims.

Government servants which are more than three years old, subject to the restrictions laid down in paras 125 and 126 of G. F. R., Vol. I [*vide* Ministry of Finance letter No. 11019-EGI/52, dated 23-12-52].

41. Power in respect of local purchase of spare parts for Transport Department.

Upto Rs. 75,000 per annum, subject to a limit of Rs. 10,000 in each individual case. The spare parts should be purchased locally through the firms approved by the Director General, Supplies and Disposals or tenders should be invited in the usual way the work entrusted to the firm quoting the lowest rates. [*vide* Ministry of States' letter No. F. 37 (14)-W/51, dated the 17-2-1953]

42. Under C. S. R. (Pension portion).

Powers of a Local Government [*vide* Ministry of States' letter No. F. 37 (2)-A/48, dated 15-7-48].

---

**ANNEXURE II**

*[Referred to in para (5) of Part I]*

Showing the distribution of work between different branches of Finance Department.

---

**Regulation and Expenditure Branch**

1. Fundamental Rules and subsidiary rules regulating pay and conditions of service of Government servants which have a financial bearing.
2. Rules regarding conveyance house building and other miscellaneous advances and allotment of funds for the purpose.
3. Pension Rules.
4. Banking and Government investments.
5. Provident Fund Rules.
6. Financial delegations—Book of Financial powers.
7. Compassionate allowances.
8. Local Fund Audit.
9. Management of Public Funds (including Charitable and other endowments).
10. Cases regarding defalcations, embezzlements, etc.
11. Audit reports on the departmental accounts.
12. Accounting and Control over Treasury matters.
13. Prescription of initial and subsidiary accounts to be maintained in Government offices.
14. General financial orders, instructions, etc.

**Budget Branch**

1. Examination of all proposals for the increase or reduction of Taxation.
2. Public Accounts.
3. Preparation of State budget estimates and their compilation and printing.
4. Appropriation Accounts and reports of the Audit Officer thereon.
5. Public Account Committee.
6. Supplementary and Excess Grants.

7. Prescriptions in respect of units of appropriation and re-appropriations.
8. Administration of the State Consolidated and the Contingency Funds.
9. Control of Expenditure.
10. Examination of all proposals of New Expenditure.
11. Loans and Advances to local bodies, etc.
12. Estimates Committee.
13. Debt head estimates for inclusion in the Central Government budget.
14. Monthly accounts.
15. Rules regulating financial procedure and all matters relating to the maintenance of accounts.
16. Miscellaneous matters relating to budget.

### ANNEXURE III

*(See para 7 and Part I)*

#### Extract from the Government of India (Audit and Accounts) Order, 1936

Note:—In applying these provisions under the Constitution references to the Auditor General, Dominion, Province, Governor General, and Governor shall be deemed to refer to the Comptroller and Auditor General, Union State, President and Governor respectively.

“ Paragraph 13 (1)—It shall be the duty of the Auditor General :—

- (i) to audit all expenditure from the revenues of the Dominion and of the Provinces and to ascertain whether moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which govern it ;
- (ii) to audit all transactions of the Dominion and of the Provinces relating to debt deposits, sinking funds, advances, suspense accounts and remittance business ;
- (iii) to audit all trading, manufacturing and profit and loss accounts and balance sheets kept by order of the Governor General or of the Governor of Province in any department of the Dominion or of the Province ;

and in each case to report on the expenditure, transactions or accounts so audited by him.

(2) The Auditor General may with the approval of and shall if so required by, the Governor General or the Governor of any Province audit and report on :—

- (i) the receipts of any department of the Dominion or as the case may be, of the Province ;
- (ii) the accounts of stores and stock kept in any office or department of the Dominion or, as the case may be, of the Province.

The Governor General or the Governor of a Province may after consultation with the Auditor General make regulation with respect to the conduct of audits under this sub-paragraph.

“Paragraph 16—The Dominion and every Province shall,—

- (i) Supply to the Auditor General free of charge the annual Budget estimates of the Dominion or of the Province and any other publications issued by a department of the Dominion or of the Province which he may require for purposes connected with his audit functions ;
- (ii) give to him such information as he may require for the preparation of any account or report which it is his duty to prepare”.

“Paragraph 18— The Auditor General shall have authority to require that any books and other documents relating to transactions to which his duties in respect of audit extend, other than books or documents which are in the United Kingdom, shall be sent to such place as he may appoint for inspection by him :

Provided that, if the Governor General or the Governor of a Province certifies that any such book or document is a secret book or document, the Auditor General shall accept as a correct statement of the facts stated in that book or document a statement certified as correct by the Governor General, or, as the case may be, by the Governor”.

“Paragraph 19— Anything which under this Order is directly to be done by the Auditor General may be done by an officer of his department authorised by him, either generally or specially:

Provided that except during the absence of the Auditor General on leave or otherwise, an officer shall not be authorised to submit on his behalf any report which the Auditor General is required by the Act to submit to the Governor General or the Governor of a Province”.



## ANNEXURE IV -

(See para 7 of Part II)

**24. Special provisions as to Financial Bills.**—(1) A bill or amendment shall not be introduced into, or moved in, the Legislative Assembly of a State except on the recommendation of the Lieutenant Governor, if such Bill or amendment makes provisions for any of the following matters, namely :—

- (a) the imposition, abolition, remission, alteration or regulation of any tax;
- (b) the amendment of the law with respect to any financial obligations undertaken or to be undertaken by the State;
- (c) the appropriation of moneys out of the Consolidated Fund of the State;
- (d) the declaring of any expenditure to be expenditure charged on the Consolidated Fund of the State, or the increasing of the amount of any such expenditure;
- (e) the receipt of money on account of the Consolidated Fund of the State or the custody or issue of such money:

Provided that no recommendation shall be required under this sub-section for the moving of an amendment making provisions for the reduction or abolition of any tax.

(2) A Bill or amendment shall not be deemed to make provision for any of the matters aforesaid by reason only that it provides for the imposition of fines or other pecuniary penalties, or for the demand or payment of fees for licences or fees for services rendered, or by reason that it provides for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body for local purposes.

(3) A bill which, if enacted and brought into operation, would involve expenditure from the Consolidated Fund of the State shall not be passed by the Legislative Assembly of a State unless the Chief Commissioner (Lieut.-Governor) has recommended to that Assembly the consideration of the Bill.

**28. Annual financial statement.**—(1) The Chief Commissioner Lieutenant Governor, of each State shall in respect of every financial year cause to be laid before the Legislative Assembly of the State, with the previous approval of the President, a statement of the estimated receipts and expenditure of the State for that year, in this part referred to as the "annual financial statement".

(2) The estimates of expenditure embodied in the annual financial statement shall show separately—

- (a) the sums required to meet expenditure described by this Act as expenditure charged upon the Consolidated Fund of the State ; and
- (b) the sums required to meet other expenditure proposed to be made from the Consolidated Fund of the State, and shall distinguish expenditure on revenue account from other expenditure.

(3) The following expenditure shall be expenditure charged on the Consolidated Fund of each state :—

- (a) the emoluments and allowances of the Chief Commissioner (Lieut-Governor) and other expenditure relating to his office as determined by the President by General or special order ;
- (b) the salaries and allowances of the Speaker and the Deputy Speaker of the Legislative Assembly ;
- (c) expenditure in respect of the salaries and allowances of a Judicial Commissioner ;
- (d) any sums required to satisfy any judgement, decree or award of any court or arbitral tribunal ;
- (e) any other expenditure declared by the Constitution or by law made by Parliament or by the Legislative Assembly of the State to be so charged.

## 29. Procedure in Legislative Assembly with respect to estimates.

(1) So much of the estimates as relates to expenditure charged upon the Consolidated Fund of a State shall not be submitted to the votes of the Legislative Assembly of the State, but nothing in this sub-section shall be construed as preventing the discussion in the Legislative Assembly of any of those estimates.

(2) So much of the said estimates as relates to other expenditure shall be submitted in the form of demands for grants to the Legislative Assembly, and the Legislative Assembly shall have power to assent, or to refuse to assent, to any demand, or to assent to any demand subject to a reduction of the amount specified therein.

(3) No demand for a grant shall be made except on the recommendation of the Chief Commissioner (Lieut.-Governor).

30. Appropriation Bills.—(1) As soon as may be after the grants under section 29 have been made by the Assembly there shall be introduced a Bill to provide for the appropriation out of the Consolidated Fund of the State of all moneys required to meet :—

(a) the grants so made by the Assembly; and

(b) the expenditure charged on the Consolidated Fund of the State but not exceeding in any case the amount shown in the statement previously laid before the Assembly.

(2) No amendment shall be proposed to any such Bill in the Legislative Assembly which will have the effect of varying the amount or altering the destination of any grant so made or of varying the amount of any expenditure charged on the Consolidated Fund of the State, and the decision of the person presiding as to whether an amendment is inadmissible under this sub-section shall be final.

(3) Subject to the provisions of this Act, no money shall be withdrawn from the Consolidated Fund of the State except under appropriation made by law passed in accordance with the provisions of this section.

**31. Supplementary, additional or excess grants.—**(1) The Chief Commissioner (Lieutenant Governor) shall—

(a) if the amount authorised by any law made in accordance with the provisions of section 30 to be expended for a particular service for the current financial year is found to be insufficient for the purposes of that year or when a need has arisen during the current financial year for supplementary or additional expenditure upon some new service not contemplated in the annual financial statement for that year, or

(b) if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, cause to be laid before the Legislative Assembly of the State, with the previous approval of the President, another statement showing the estimated amount of that expenditure or cause to be presented to the Legislative Assembly of the State with such previous approval a demand for such excess, as the case may be.

(2) - The provisions of sections 28, 29 and 30 shall have effect in relation to any such statement and expenditure or demand and also to any law to be made authorising the appropriation of moneys out of the Consolidated Fund of the State to meet such expenditure or the grant in respect of such demand as they have effect in relation to the annual financial statement and the expenditure mentioned therein or to a demand for a grant and the law to be made for the authorisation of appropriation of moneys out of the Consolidated Fund of the State to meet such expenditure or grant.

**32. Rules of Procedure.**—(1) The Legislative Assembly of a State may make rules for regulating, subject to the provisions of this Act, its procedure and the conduct of its business :

Provided that the Chief Commissioner (Lieutenant Governor) shall, after consultation with the Speaker of the Legislative Assembly and with the approval of the President, make rules—

(a) for securing the timely completion of financial business;

(b) for regulating the procedure of and the conduct of business in, the Legislative Assembly in relation to any financial matter or to any Bill for the appropriation of moneys out of the Consolidated Fund of the State.

(2) Until rules are made under sub-section (1), the rules of procedure and standing orders with respect to the Legislative Assembly of the State of Uttar Pradesh in force immediately before this section comes into force in any State shall have effect in relation to the Legislative Assembly of that State subject to such modifications and adaptations as may be made therein by Chief Commissioner (Lieut.-Governor).

## ANNEXURE V

### The Himachal Pradesh Contingency Fund Rules

In exercise of the powers conferred by sub-section (3) of section 39-A read with sub-section (3) of section 2 of the Government of Part 'C' States Act, 1951 (XLIX of 1951) the Lieutenant Governor of the State of Himachal Pradesh hereby makes the following rules, namely:—

1. These rules may be called the Himachal Pradesh Contingency Fund Rules.

2. The Contingency Fund of the State of Himachal Pradesh hereinafter referred to as the Fund shall be held on behalf of the Lieutenant Governor of that State by the Secretary to the Government of Himachal Pradesh, Finance Department, for the time being.

3. All applications for advances from the Fund shall be made to the Secretary to the Government of Himachal Pradesh, Finance Department. The applications shall give—

(i) brief particulars of the additional expenditure involved;

(ii) the circumstances in which provision could not be included in the budget;

- (iii) why its postponement is not possible;
- (iv) the amount required to be advanced from the Fund with full cost of the proposal for the year or part of the year, as the case may be;
- (v) the grant of appropriation under which supplementary provision will eventually be made; and
- (vi) particulars of savings, when expenditure on a new service can be met by re-appropriation of funds within the grant.

4. Advances from the Fund shall be made for the purpose of meeting unforeseen expenditure, including expenditure on a new service, not contemplated in the annual financial statement.

5. The order sanctioning an advance from the Fund shall specify the amount and the grant or appropriation to which it relates and give brief particulars by sub-heads and units of appropriation of the expenditure for meeting of which it is made. It shall be issued by the Finance Department and communicated to the Administrative Department concerned and to the Accountant General, Punjab.

6. The sanction issued to Heads of Departments by the Administrative Departments for incurring expenditure against the advance shall specify Account classifications in the same detail as in rule 5.

7. Supplementary Estimates for all expenditure so financed shall be presented to the Legislative Assembly at the first session immediately after the advance is sanctioned. As soon as the Legislative Assembly has authorised the additional expenditure by including it in any Supplementary Appropriation Act, the advances made from the Fund shall be resumed to the Fund.

Note 1.—While presenting to the State Legislative estimates for expenditure financed from the Fund, a note to the following effect shall be appended to such estimates :—

“A sum of Rs..... has been advanced from the Contingency Fund in..... and an equivalent amount is required to enable re-payment to be made to that Fund”.

Note 2.—If the Expenditure on new service not contemplated in the annual financial statement can be met, wholly or partly, from savings available within the authorised appropriation, the note appended to the estimate submitted shall be in the following form :—

"The expenditure is on a new service. A sum of Rs..... has been advanced from the Contingency Fund in..... and an equivalent amount is required to enable re-payment to be made to that Fund. The amount *viz.*, Rs. .. ..... can be found by re-appropriation of savings within the grant and a token vote only is now required/a vote is required for the balance *viz.*, Rs..... only".

8. If, in any case, after the order sanctioning an advance from the Fund has been issued in accordance with rule 5 and before action is taken in accordance with rule 7, it is found that the advance sanctioned will remain wholly or partly un-utilised, and application shall be made to the sanctioning authority for cancelling or modifying the sanction, as the case may be.

9. All advances sanctioned from the Fund to meet expenditure in excess of the provision for the service included in an Appropriation (vote on account) Act shall be resumed to the Fund as soon as the Appropriation Act in respect of the expenditure on the service for the whole year, including the excess met from the advances from the Fund, has been passed.

10. The Administrative Department shall be responsible for sending the Finance Department proposals for supplementary estimates in recoupment of advance from the Fund and in the forwarding note explaining the Supplementary estimates, the notes, mentioned under rule 7 above shall be recorded.

11. A copy of the order resuming the advance, which shall give a reference to the number and date of the order in which the original advance was made and to the Supplementary Appropriation Act referred to in rule 7, shall be forwarded by the Finance Department to the Accountant General, Punjab.

12. An account of the transactions of the Fund shall be maintained by the Finance Department in Form A annexed to these rules.

13. The accounting procedure for expenditure met out of advance from the Fund shall be as follows:—

- (i) Actual expenditure incurred against advances from the Fund shall be recorded in the account relating to the Fund in the same detail as it would have been shown if it had been aid out of the Consolidated Fund.
- (ii) All drawing officers shall prepare separate bills in respect of expenditure to be met out of the advance from the

Fund and all such bills shall be labelled conspicuously on top Contingency Fund by using a rubber stamp or by writing in red ink. Detailed classification of the expenditure in the bill shall be given according to the usual budget heads.

- (iii) Account of the expenditure shall be maintained separately and reported to the Chief Controlling Officers monthly for control of expenditure in a statement headed "Expenditure met from the Contingency Fund". The account shall be maintained in the same detail as for expenditure met from the ordinary budget grant.
- (iv) As soon as orders are received for allotting funds out of the supplementary estimates to meet the expenditure provisionally incurred from an advance from the Fund, the procedure of drawing on separate bills shall be discontinued and the separate account shall be closed by transferring the expenditure to the regular Departmental account.

— — — — —

## FORM A

## HIMACHAL PRADESH CONTINGENCY FUND

Amount of the Fund Rs.....

| S. No. | Date of transaction | No. and Name of grant of appropriation | No. and date of application for advance | No. and date of the order making advance | Amount advanced | Supplementary appropriation providing for the additional expenditure | Amount of advance resumption | Balance after each transaction | Initials of officer in charge | Remarks |
|--------|---------------------|--|---|--|-----------------|--|------------------------------|--------------------------------|-------------------------------|---------|
| 1      | 2                   | 3                                      | 4                                       | 5  | 6               | 7  | 8                            | 9                              | 10                            | 11      |

*Note:—1.* The balance should be struck after each transaction.

*2.* The amount of the advances should be entered in black ink when made, and in red ink when resumed.

for Finance Secretary to Government

Himachal Pradesh.

By order,  
C. D. SHARMA,  
Secretary.